Vendor Management, QC, Borrower Retention Tools; CX Strategy; Dave Chappelle and Affordable Housing

By: Rob Chrisman | Fri, Feb 11 2022, 11:00 AM

If you see someone buying candy, popcorn, and soda at the movies, they must be a drug dealer... There's no other explanation for that type of income! Yes, inflation is moving ahead, faster than most would prefer. A little is good, a lot is not, as we found out yesterday and as we've learned for the last several months. U.S. consumer prices jumped 7.5 percent year-over-year in January to hit a four-decade high. Of course, it's important to note that inflation differs across income/demographic cohorts and geographic regions. Rising energy costs were the big driver of the headline number, as were used cars. If you take away seasonal adjustments, the headline CPI rose 8.2 percent. The price appreciation of the past year is only beginning to be reflected in the inflation numbers. Housing is becoming more unaffordable, with rising financing costs and appreciation. At the other end of the scale, as noted in the Commentary last week it is fine for the Biden Administration to state affordable housing goals. But by the time those goals filter down to the state and local levels, well, things happen to hinder those goals, like economics, red tape, builder preferences, existing housing zoning, and mountain lion habitats. California isn't the only place, and a town in Ohio voted down affordable housing after Dave Chappelle threatened to pull his plans for a restaurant and comedy club. NIHBY (not in his backyard). (Today's audio version of the commentary is available here and has an interview with MCT COO Phil Rasori on what separates one hedge advisory firm from another. This week's is sponsored by MCT and its hedge advisory division, pairing industry leading experience with award-winning technology to assist you in locking, coverage, best execution, and reporting.)

Broker and Lender Services and Products

How does a mortgage lending team manage to consistently score 5.0 ratings on SocialSurvey, even during the record-breaking levels of demand during the past two years? It all boils down to the saying "it's easier to paint your own picture than to unpaint someone else's." What does this mean and how can your team keep customers this happy? Click here to read more. Brought to you by Triserv, a 50-state AMC that has client-specific, dedicated teams on both coasts offering high-touch, personalized service. To find out more, contact Triserv Appraisal Management Solutions at learnmore@triservllc.com.

Scale matters, especially in a challenging mortgage landscape. In fact, the 2022 mortgage market is expected to shrink 25%. In these kinds of conditions, Flagstar Bank's product set and national presence are crucial to providing the scale you need. With non-QM activity significantly increasing as the market switches to up to 2/3 purchase-mortgage, Flagstar knows you need additional products in today's changing market. As a strong believer in partnership, Flagstar is there to fund your non-QM and second mortgages, while providing the same outstanding service for your other funding needs. In 2022, it's more important than ever that the providers you choose have the scale necessary to support you. Flagstar has that scale, plus 30 years of experience to help you seize whatever opportunities the year brings. Talk to Jeff Neufeld to start a conversation, or visit flagstar.com/why to learn more.

The Olympics are in full swing in Beijing and despite this year's pared-down festivities in response to the pandemic, financial trouble may be brewing under the surface. According to Business Insider, the Winter Games could cost China more than $38.5 billion, 10x the nation's official budget of $3.9 billion. While it's unlikely to set your company back by $40 billion, the true cost of not having an automated borrower retention system is far higher than many lenders realize. Sales Boomerang proves this point in its latest eBook, which breaks down how real-time database monitoring and market intelligence help lenders identify exactly what opportunity to present to a borrower at exactly the right time. Ready to go for borrower retention gold? Download the free eBook today.

While rate and term refinances may not be as popular as they were this time last year, equity is at a historic high and brokers can help homeowners to put it to work. Rocket Pro TPO is here to help brokers increase the value they offer their clients by offering a 20-bps credit on eligible cash-out refis from now through February 28. This includes all products and all occupancy types including jumbo! Your client just needs to have an LTV less than or equal to 80% and a FICO score greater than or equal to 720 to qualify for this offer. Plus, if you haven't seen Rocket Pro TPO's Pro Performance webinar training on debt consolidation and cash out, you can login and watch it on the portal now. Use all these tools to make an impact on your clients today.

"As we continue into the heart of Q1, 2022, industry redirection is in full swing. Rates are on the rise with the Feds planning increases across the year, refis are mostly 'so last year,' and purchase is the present focus. And product-wise… it's Non-QM, Non-QM, and more Non-QM. Many in the TPO space are talking about Non-QM. At Unite, we're talking more about using Non-QM to bring you greater success. On February 17th at 10AM PST, our president James Hooper will join Rick Soukoulis (founder & CEO of ReadyPrice) in a webinar discussion on how you can be successful with Non-QM. Register here to join in. Unite offers its sales team some of the most competitive Conventional, Government and Non-QM pricing in the industry today. Plus, a competitive compensation plan and a company culture that is sales oriented.

Schedule a confidential interview TODAY! Want to know more about Unite Mortgage? Just email Unite Mortgage President James Hooper. Be sure to visit us and follow us on all our social channels. "Let's Unite" (Unite Mortgage is a DBA of Home Mortgage Alliance Corporation (HMAC) NMLS# 1165808. HMAC is an Equal Housing Lender)

Mountain America Credit Union cuts loan review times by 50%. Mountain America's growth had outstripped the ability of its spreadsheet-driven internal quality control and review processes to manage risk. Thus, they sought a third-party audit review platform that could deliver a unified quality review process across business lines, report on quality trends over time, and help maintain compliance in the new era of lending. After implementing ACES Quality Management & Control Software, Mountain America has eliminated manual population pulls for loan sampling, gained greater control over loan review activities, increased visibility into findings, reporting and trending, centralized communication between departments. "We have seen great success improving quality and addressing issues. We have found that the immediate feedback is much better received, and we're reviewing consumer loans within 5 days of loan closing," said Jenille Fairbanks, vice president of lending compliance at Mountain America. Read the full report today.

Did you know Fintech companies don't have one particular regulator? This could be viewed as a good thing or a bad thing. It may allow them to accelerate their development efforts, but it causes uncertainty when it comes to clients' vendor management, oversight efforts. Without strict regulation, this requires increased scrutiny within clients' vendor management programs. MQMR's new Fintech Vendor Management Whitepaper will help establish confidence in your vendor management, compliance: Guiding best practices to help you enhance your existing vendor management program for working with fintech vendors, how to ease the burden of vendor management on your internal staff, how to reduce the costs, time, and resources associated with vendor management, and applicable vendor management regulatory requirements you need to consider.

Customer Experience Study

Whether you're rooting for Burrow's Bengals or Stafford's Rams in the Super Bowl this weekend (or if you're still holding onto hope that Tom Brady will come out of retirement for one more year), one thing is for certain: there is no position in sports quite like the quarterback, who affects every player and every part of the game on every play. The impact of a QB is not unlike the impact of a lender's Customer Experience (CX) strategy, and the absence of a CX strategy is as unwise going into the big game with no playbook. With margins tightening, originators will need to fight for every deal and the scrappiest fighters – those who foster the deepest relationships, have the most consistent follow-up, and deliver the most delightful overall experience – will come out the winners. In his February CX Tip, STRATMOR's Director of CX, Mike Seminari takes aim at showing lenders how to use a CX focus to quarterback their teams to success in 2022.

Capital Markets

The slightly above-consensus CPI results add to the school of thought that the Fed is behind the curve when it comes to fighting inflation, as well as urgency to the Fed's plan to start raising interest rates. The CPI report boosted the implied likelihood of a 50-basis point rate hike at the March meeting to 95 percent from 24 percent on Wednesday, while there is now a clear majority for an implied likelihood of a Fed funds rate range ending the year between 1.75 percent and 2.00 percent. Already fully priced in is a full percentage point rise by the end of July; **St. Louis Fed President Bullard said yesterday he agrees with that sentiment.** There is the risk that the central bank risks destabilizing markets if it turns more aggressive and unpredictable, and has already triggered concern the economy will slow drastically in 2023. Needless to say, the bond market took a beating on these numbers with MBS down a half a point since the release of the report and roll rates increasing. That means higher rates for borrowers.

Among the factors behind the numbers was a tight labor market, with unemployment now at 4 percent. Speaking of the jobs, one of the explanations for the big jump in last Friday's January payrolls figures was a seasonal adjustment. Normally, the holiday shopping season generates a large number of hires that are subsequently laid off in January, but that didn't happen this time as many employers decided to hang onto these temp workers since the labor market is so tight. The Bureau of Labor Statistics adjusts for those holiday layoffs in its seasonal adjustments, so the 467k number more accurately represents people who ordinarily would have been let go that weren't. That **helps to explain some of the big difference** between the ADP number, a loss of 200k jobs in January, and the BLS gain.

To put a bow on yesterday, this week's Primary Mortgage Market Survey from Freddie Mac saw a reaction to the recent jump in rates, after being little changed in the prior week. For the week ending February 10, the 30-year and 15-year fixed rates jumped 14 bps and 16 bps to 3.69 percent and 2.93 percent, respectively. The day's $23 billion 30-year bond auction was received with weaker demand than what was seen at Wednesday's strong 10-year note sale. The 7-year U.S. Treasury yield is now even with the 10-year yield while the forward yield curve inverted yesterday morning, **indicating that the market expects a rate cut cycle to begin in about two years**, presumably due to aggressive rate hikes that will stifle growth.

MBA reported that the delinquency rate for mortgage loans on one-to-four-unit residential properties decreased to a seasonally adjusted rate of 4.65 percent of all loans outstanding at the end of the fourth quarter of 2021. The delinquency rate was down 23 basis points from the third quarter of 2021 and down 208 basis points from one year ago. "Mortgage delinquencies descended in the final three months of 2021, reaching levels at or below MBA's survey averages dating back to 1979," said Marina Walsh, MBA's Vice President of Industry Analysis. "The percentage of loans that are 90 days or more past due or in the process of foreclosure, was 2.83 percent in the fourth quarter, close to the long-term average of 2.80 percent."

The only economic release on the calendar today is preliminary February Michigan sentiment, due out later this morning. The Desk will conduct the last two MBS purchase operations on the current schedule when they purchase up to $3.6 billion 30-years ranging in coupons from 2 percent to 3 percent. In the afternoon, **the Desk will release a new two-week MBS purchase schedule** along with the MBS purchase estimate for the February 14 to March 11. We begin the day with Agency MBS prices bouncing .125 and the 10-year yielding 2.01 after closing yesterday at 2.03 percent. For those convinced rates are only set to continue going up, as Phil Rasori says in today's podcast, you need to look no further than the Ukrainian border for a reason that rates would go down.

Employment and New Hires

"A well-funded fintech looking for Rockstar COO to run our mortgage bank. A well-funded fintech in NYC is going to be taking over the nonQM marketplace in 2022. We have been in stealth mode for the last 36 months building a world class technology and lending platform. We are looking for a mortgage Ops Rockstar to join us on this journey to disrupt the lending landscape. You must have depth and breadth when it comes to lending. Deep knowledge of underwriting, ops, secondary marketing, overall compliance and running the business from the top to the bottom is a must. We are lean, so you must be willing to come in and do the work. We aren't looking for someone to build a kingdom to sit on top of. Gritty startup mentality is a must. Strong understanding and experience with NonQM and private securitization are a plus. If interested, please email Anjelica Nixt; specify this opportunity."

"Is the juice worth the Squeeze? With costs per funding going up, margin compression looming, interest rates rising, is running a branch everything it's cracked up to be? More and more producing branch managers are questioning if they would be better off focusing on personal production not managing LO's or operations staff? A change in title isn't always a step backward in life or your career. One of the top teams in the nation is looking to add one mortgage veteran who wants to get back to doing what they love and focus on originating. Our dedicated operations team has closed over $1B in loans and is ready to help 1 seasoned professional dominate their market. If you're a Producing Manager who wants to step away from meetings, paperwork, and staffing issues to focus on your book of business contact Anjelica Nixt to schedule a confidential conversation."

"Triibe Coaching is seeking a master recruiter looking to champion a company that is driven to unleash human potential (fully remote). What we're looking for: a Business Development Representative to lead our member recruitment efforts (minimum of 2 years sales/biz dev experience - mortgage industry preferred). Are you an empathetic listener who can drill right into the needs of the customer? Do you excel in meeting and exceeding sales goals through thoughtful communication, follow through, and a process that leverages the power of HubSpot or other CRM systems? What's in it for you: Triibe Coaching exists to create more abundance in the lives of others and transform the mortgage industry in the process. As a member of our team, you'll have the opportunity to grow your career alongside industry superstars. Triibe Coaching teammates will enjoy the ride of a lifetime, generous benefits, and extreme levels of professional development. View the full job description."

Why work harder when you can work smarter? Opteon is growing by leaps and bounds and is looking for licensed, certified residential and commercial appraisers and trainees to join their team. Opteon is building the future of appraising. How? By investing in their appraisers and disruptive technology. With Opteon, you'll have all the proprietary tools and data required to deliver a superior appraiser and customer experience. Not familiar with Opteon? They started in Australia, where they refined the average turn time from 12 days to 2 days by empowering appraisers with superior processes and cutting-edge technology. In the not-so-distant future, Opteon USA plans to deliver same-day appraisals in the U.S. And, most importantly, they plan to do so by keeping appraisers as the focal point. If you want to gain a competitive advantage and prefer the security of being a W-2 employee on a winning team, contact Opteon today.

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